



FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

JUNE 30, 2012

**LOUISIANA BUSINESS INCUBATION ASSOCIATION
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
JUNE 30, 2012**

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Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Louisiana Business Incubation Association
8000 G.S.R.I. Road, Building 3000
Baton Rouge, Louisiana 70820

We have reviewed the accompanying statement of financial position of Louisiana Business Incubation Association (a non-profit organization) as of June 30, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. All information in these statements is the representation of the management of the Louisiana Business Incubation Association's management.

Our review was conducted in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. A review consists principally of inquiries of agency personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated November 9, 2012, on the results of our agreed-upon procedures.

The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

A handwritten signature in black ink that reads "Mary Sue Stages, CPA". The signature is written in a cursive, flowing style.

Mary Sue Stages, CPA
A Professional Accounting Corporation
Baker, LA
November 9, 2012

FINANCIAL STATEMENTS

**LOUISIANA BUSINESS INCUBATION ASSOCIATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012**

ASSETS

Cash and cash equivalents	\$ 26,692.19
Grants receivable	<u>260,610.29</u>
TOTAL ASSETS	<u><u>287,302.48</u></u>

LIABILITIES

Awards payable	255,610.29
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NET ASSETS

Unrestricted	<u>31,692.19</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>287,302.48</u></u>

See Accompanying Notes and Independent Accountants' Review Report

LOUISIANA BUSINESS INCUBATION ASSOCIATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

UNRESTRICTED NET ASSETS

UNRESTRICTED REVENUES AND GAINS

Administrative fees	\$ 5,000.00
Membership dues	2,600.00
Total Unrestricted Revenues and Gains	<u>7,600.00</u>

NET ASSETS RELEASED FROM RESTRICTIONS

Restrictions satisfied by payments	400,846.11
Total Unrestricted Revenues, Gains and Other Support	<u>408,446.11</u>

EXPENSES

Program Services	
Business development	401,753.93
Supporting Services	
General and administrative	1,946.82
Total Expenses	<u>403,700.75</u>

INCREASE IN UNRESTRICTED NET ASSETS 4,745.36

TEMPORARILY RESTRICTED NET ASSETS

Support from Louisiana Dept of Economic Development	400,846.11
Net assets released from restrictions:	
Restrictions satisfied by payments	<u>(400,846.11)</u>

INCREASE IN TEMPORARILY RESTRICTED NET ASSETS -

CHANGE IN NET ASSETS 4,745.36

NET ASSETS, BEGINNING OF YEAR 26,946.82

NET ASSETS, END OF YEAR 31,692.19

See Accompanying Notes and Independent Accountants' Review Report

LOUISIANA BUSINESS INCUBATION ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012

<u>Account Name</u>	<u>Program Business Development</u>	<u>Supporting General & Admin</u>	<u>Total</u>
Incubator awards	\$ 400,846.11	\$ -	\$ 400,846.11
Office expense	-	12.80	12.80
Professional fees	-	1,676.42	1,676.42
Sponsorships/advertising	150.00	-	150.00
Taxes and licenses	-	5.00	5.00
Website	757.82	252.60	1,010.42
	<hr/>		
Totals	401,753.93	1,946.82	403,700.75
	<hr/>		

See Accompanying Notes and Independent Accountants' Review Report

**LOUISIANA BUSINESS INCUBATION ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from donors/grantors	\$ 492,480.92
Cash received from members and sponsors	7,600.00
Cash paid to grantees	(492,480.92)
Cash paid for goods and services	<u>(2,854.64)</u>
Net Cash Provided by Operating Activities	4,745.36

CASH FLOWS FROM INVESTING ACTIVITIES

-

CASH FLOWS FROM FINANCING ACTIVITIES

-

INCREASE IN CASH AND CASH EQUIVALENTS

4,745.36

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

21,946.83

CASH AND CASH EQUIVALENTS, END OF YEAR

26,692.19

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Change in net assets	\$ 4,745.36
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
(Increase) decrease in assets:	
Receivables	91,634.81
Increase (decrease) in liabilities:	
Payables	<u>(91,634.81)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>4,745.36</u></u>

See Accompanying Notes and Independent Accountants' Review Report

NOTES TO FINANCIAL STATEMENTS

**LOUISIANA BUSINESS INCUBATION ASSOCIATION
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JUNE 30, 2012**

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LOUISIANA BUSINESS INCUBATION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Louisiana Business Incubation Association (hereafter referred to as the Association), a Louisiana non-profit Association, is domiciled in Baton Rouge, Louisiana. It was created to promote alliances among incubators, governmental agencies and professional economic developers in order to enhance the growth and diversification of businesses and economy in Louisiana. The Association's support comes primarily from cooperative endeavor agreements with the Louisiana Department of Economic Development (99%). The balance of revenues earned were received from members through annual dues.

The accounting policies of the Association conform to accounting principles generally accepted in the United States of America as applicable to non-profit organizations. The significant accounting policies are as follows:

Method of Accounting

The financial statements of the Association have been prepared utilizing the accrual basis of accounting.

Financial Statement Presentation

The Association has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *"Financial Statements of Not-for-Profit Organizations"*. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, it is required to present a statement of cash flows.

Contributions

The Association has elected to adopt SFAS No. 116, *"Accounting for Contributions Received and Contributions Made"*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose of the restriction.

Contributed Goods and Services

No amounts have been recognized in the accompanying financial statements because not all of the criteria for recognition under SFAS No. 116, *"Accounting for Contributions Received and Contributions Made"*, were satisfied.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

LOUISIANA BUSINESS INCUBATION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Inventory

Inventory of the Association includes only office supplies and printed materials, the amount of which is considered immaterial. Therefore, the acquisition of these items is expensed when purchased, and the inventory on hand at year-end is not reported.

Receivables

The Association uses the allowance method of accounting as required by generally accepted accounting principles. There is no allowance recorded in the accompanying financial statements as all receivables are expected to be collected.

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Property and equipment purchased by the Association is recorded at cost. They are depreciated using the straight-line method over the estimated useful lives of the assets. Equipment with an original cost of \$1,000 or greater is capitalized. Interest during the construction or renovation of long-lived assets is normally capitalized. The earnings on the borrowings reduce this amount during the same period, if any.

At June 30, 2012, the Association did not have any property or equipment.

Income Taxes

The Association is a not-for-profit Association that is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. Accordingly, no liability or expense has been recorded in the accompanying financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

At June 30, 2012, the Association had \$26,692.19 in demand deposits. Collected bank balances totaled \$26,692.19, secured through FDIC.

LOUISIANA BUSINESS INCUBATION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3 – RECEIVABLES

Receivables of the Association as of June 30, 2012, include \$255,610.29 due from the Louisiana Department of Economic Development through a Cooperative Endeavor Agreement for the period July 1, 2011 through June 30, 2012, in awards to be subsequently distributed. It also includes \$5,000 in administrative fees earned by the Association.

Receivables	\$ <u>260,610.29</u>
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NOTE 4 – PAYABLES

Payables of the Association total \$255,610.29 as of June 30, 2012. This is the amount of awards due to individual incubators and technology parks based on the requirements of the Cooperative Endeavor Agreement with the Louisiana Department of Economic Development.

NOTE 5 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the expiration of time during the year.

Purpose restriction accomplished:

Awards provided to incubators/technology parks	\$ 395,846.11
Administrative fees	<u>5,000.00</u>
Total	<u>400,846.11</u>

NOTE 6 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting services of the Association have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. This allocation is summarized in the statement of functional expenses.

LOUISIANA BUSINESS INCUBATION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7 – LIQUIDITY OF ASSETS AND LIABILITIES

The liquidity of the Association's assets and liabilities are as follows:

Cash and cash equivalents	\$ 26,692.19
Grants receivable	<u>260,610.29</u>
Total Current Assets	287,302.48
 Awards payable	 <u>255,610.29</u>
 Liquidity	 <u>31,692.19</u>

NOTE 8 – RELATED PARTY TRANSACTIONS

There were no related party transactions recognized during the year.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Litigation and Claims. There is no pending or threatened litigation against the Association that would require disclosure in the accompanying financial statements.

NOTE 10 – SUBSEQUENT EVENTS

There were no events that have occurred between the close of the year and the date of this report that would significantly impact these financial statements such as would require reporting or disclosure.

SUPPLEMENTARY INFORMATION

MARY SUE STAGES, CPA
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American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Louisiana Business Incubation Association
8000 G.S.R.I. Road, Building 3000
Baton Rouge, Louisiana 70820

We have performed certain agreed-upon procedures enumerated below, which were agreed to by the management of Louisiana Business Incubation Association and the Legislative Auditor, State of Louisiana. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law) or R.S. 39:1551-39:1755 (the state procurement code), whichever is applicable.

The cash disbursements journal was scanned, and there were no expenditures exceeding \$20,000 for materials or supplies or \$100,000 for public works made during the year.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interest of all board

members and employees, as well as their immediate families.

N/A

3. Obtain from management a listing of all employees paid during the period under examination.

The Association has no employees.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

N/A

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the adopted budget in regards to the use of LED funding. There were no amendments.

6. Trace the budget adoption and amendments to the minute book.

The adoption of the original budget was traced to the minutes.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual amounts failed to meet budgeted amounts by 10% or more per category or 5% or more in total.

No exceptions were noted.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

All six of the payments were coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated appropriate approvals.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Meeting dates are posted on the Association's website.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of bank deposit slips for the period under examination and noted no deposits that appeared to be proceeds of bank loans, bonds or like indebtedness.

Advances and Bonuses

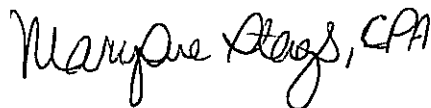
11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees, which may constitute bonuses, advance, or gifts.

The Association does not have any employees.

There were no comments noted in the previous year's reviewed statements dated December 29, 2011.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management, the Legislative Auditor, State of Louisiana, and any cognizant agency(ies) and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under LSA-RS 24:513, this report is distributed by the Legislative Auditor as a public document.



Mary Sue Stages, CPA
A Professional Accounting Association
Baker, LA
November 9, 2012

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

Mary Sue Stages, CPA, APAC
P. O. Box 30
Baker, Louisiana 70704-0030

In connection with your review of our financial statements as of June 30, ~~2011~~ ²⁰¹², and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of the date indicated below.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

NOT APPLICABLE—Working under a CEA with LED Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

NOT APPLICABLE—Working under a CEA with LED Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

NOT APPLICABLE—Working under a CEA with LED Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

NOT APPLICABLE—Working under a CEA with LED Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

NOT APPLICABLE—Working under a CEA with LED Yes ☐ No ☐

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

NOT APPLICABLE—Working under a CEA with LED Yes ☐ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

NOT APPLICABLE—Working under a CEA with LED Yes ☐ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

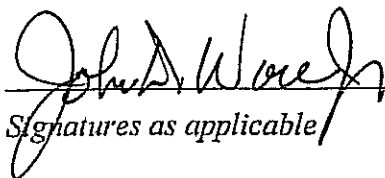
NOT APPLICABLE—Working under a CEA with LED Yes ☐ No ☐

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations. We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.


Signatures as applicable

PRESIDENT
Mayor/Clerk/Director

8/23/12 Date